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12 October 1962 25X1

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CENTRAL INTELLIGENCE BULLETIN



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Germany: (West Germany appears to be moving in the direction of extending economic concessions to East Germany in return for political concessions.)

(Bonn proposes, in exchange for free movement of West Berliners into East Berlin and some reunification of families, to increase by \$25 million the interzonal trade "swing"--the indebtedness East Germany can run up without providing matching exports for its imports.)

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(Bonn has briefed the Ambassadorial Group in Washington on draft instructions for its interzonal trade negotiator. The US and UK representatives agreed the proposal is consistent with Allied objectives. The French representative did not comment.)

(Movement across the sector border would be in one direction only, since West Berlin could not co-operate with East Germany in ensuring that East Berliners would return.)

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West Germany: (The Bonn government is seeking to establish a West German trade mission in Budapest. There has been a Hungarian mission in Frankfurt since the end of the war.)

(A West German foreign ministry official told Ambassador Dowling on 9 October that the talks were moving slowly, but that he had hopes of eventual agreement. The main stumbling block at the moment, he said, is Hungarian insistence that an agreement be described publicly as a "first step toward diplomatic relations.")

(The Bonn government, and Foreign Minister Schroeder in particular, have been seeking ways to implement the June 1961 Bundestag resolution calling for steps to normalize relations with East Europe without sacrificing Germany's interests. Bonn is against diplomatic relations, because it feels that they would precipitate recognition of East Germany by nonaligned countries.)

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France: (De Gaulle continues to take the line that the USSR must be made to realize that any armed interference with Western access to Berlin would mean nuclear war. He has been reviewing Berlin contingency plans and wants them to be based on this approach.)

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(A high French foreign ministry official reportedly told the British Embassy that the French take issue with Lord Home's 25 September UN speech indicating that the West would seek to "isolate and stop" accidental hostilities in Berlin. Lord Home's implication that some Soviet military actions in Berlin might not lead to general nuclear war is considered "undesirable," by Paris, the French official said.)

(De Gaulle's personal interest in Berlin contingency planning may indicate that France will renew its arguments for a lower threshold for the use of nuclear weapons.)

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Kenya: (An increase in subversion and inter-tribal tensions threatens security and is likely to cause further stress among Kenya's political factions.)

(Early this month police arrested 26 members of the Kenya Land Freedom Army, a terrorist organization within the Kikuyu, Kenya's largest tribe. The Land Freedom Army plans to seize European-owned land after Kenya receives its independence, and has been collecting arms and taking oaths among the Kikuyu.)

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(Smaller tribes in Kenya see these activities as confirmation of their fears that the Kikuyu will attempt to dominate the country. Anti-Kikuyu demonstrations, accompanied by violence, have already occurred.)

(These tensions will aggravate difficulties between and within Kenya's two main political parties, since each party is based on tribal alliances.)

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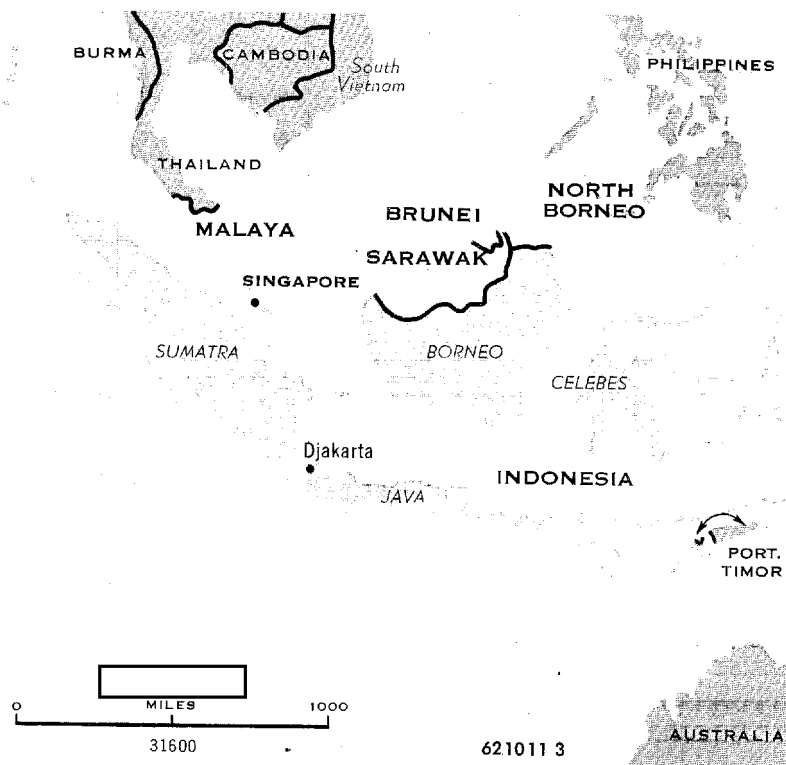
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Indonesia - Malaya: (Indonesia may be embarking on a long-range program of subversion to disrupt the Federation of Malaysia after it is formed next year. The Sukarno government sees a successful federation as a threat to Indonesia's aspirations to leadership in the area.)

(Djakarta reportedly has assigned a psychological warfare expert to exploit anti-merger sentiment, particularly in Sarawak, Brunei, and North Borneo. These territories, together with Malaya and Singapore, are to make up the federation. [redacted])

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25X1 [redacted] and leaflets urging the populace to defend its freedom against Malayan domination are beginning to appear there.)

(Indonesia has not overtly opposed the formation of the federation, presumably because it does not wish to commit its prestige against a development it regards as inevitable.) [redacted]

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Ecuador: Two rival Communist groups reportedly plan to launch good-sized guerrilla campaigns next month with the objective of cutting almost all communications between the coast and the highlands of Ecuador.

The Communist-front Revolutionary Union of Ecuadorean Youth (URJE) reportedly has established four camps in the northern provinces. Their locations would permit operations to block the highways from Esmeraldas and Colombia and the railroad from San Lorenzo, thus isolating Quito from the north. Communists claim the URJE has received several shipments of arms smuggled from Cuba, including 16 machine guns and material for 15,000 "small bombs."

The regular Communist Party of Ecuador (PCE) reportedly plans to establish its own guerrilla bases south of Quito. The regular Communists intend to time their own operations with those of the URJE and to isolate Quito from the coast.

Both groups believe they will receive substantial aid from Cuba if they can mount successful harassment operations. There have been no reports of effective guerrilla activity in Ecuador thus far, and all reports of the planned campaigns come from Communist sources. (Map)

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Venezuela: (President Betancourt is seeking additional measures to allay continued demands by the military that he outlaw the Communist Party and the Movement of the Revolutionary Left (MIR) and arrest their congressional leaders, or be ousted.)

(The government's success in reducing violence has eased this pressure somewhat, but several officers have warned of a possible coup if the government does not move against the extremist leaders in the next few days.)

(While it remains doubtful that the Social Christian (COPEI) members of the coalition will support Betancourt in ignoring congressional immunity, he apparently will persist in his efforts to find a solution acceptable to both the military and COPEI. The embassy reports that Betancourt may have requested the Supreme Court to nullify the 1958 elections of Communist and MIR congressmen. If necessary, however, he reportedly intends to carry out his plans even at the risk of causing COPEI's withdrawal from the government coalition.)

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